		(Original Signature of Member)
118TH CONGRESS 1ST SESSION	H.R.	

To increase access to broadband telecommunications services in rural areas, to increase minimum broadband speeds in rural areas, and to provide grants, loans, and loan guarantees to finance the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas, and other purposes.

## IN THE HOUSE OF REPRESENTATIVES

Mr.	FEENSTRA	introduced	the	following	bill;	which	was	referred	to	the
	Com	mittee on								

## A BILL

- To increase access to broadband telecommunications services in rural areas, to increase minimum broadband speeds in rural areas, and to provide grants, loans, and loan guarantees to finance the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas, and other purposes.
  - 1 Be it enacted by the Senate and House of Representa-
  - 2 tives of the United States of America in Congress assembled,

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1	SECTION 1. SHORT TITLE.
2	This Act may be cited as the "Rural Broadband Mod-
3	ernization Act".
4	SEC. 2. RURAL BROADBAND MODERNIZATION.
5	(a) In General.—Section 601 of the Rural Elec-
6	trification Act of 1936 (7 U.S.C. 950bb) is amended to
7	read as follows:
8	"SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS
9	SERVICES IN RURAL AREAS.
10	"(a) Purpose.—The purpose of this section is to
11	provide grants, provide loans, and provide loan guarantees
12	to provide funds for the costs of the construction, improve-
13	ment, and acquisition of facilities and equipment for
14	broadband service in rural areas.
15	"(b) Definitions.—In this section:
16	"(1) Broadband service.—The term
17	'broadband service' means any technology identified
18	by the Secretary as having the capacity to transmit
19	data to enable a subscriber to the service to origi-
20	nate and receive high-quality voice, data, graphics,
21	and video.
22	"(2) Rural Area.—
23	"(A) IN GENERAL.—The term 'rural area'
24	means any area other than—
25	"(i) an area described in clause (i) or

(ii) of section 343(a)(13)(A) of the Con-

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1	solidated Farm and Rural Development
2	Act (7 U.S.C. 1991(a)(13)(A)); and
3	"(ii) in the case of a grant or direct
4	loan, a city, town, or incorporated area
5	that has a population of greater than
6	20,000 inhabitants.
7	"(B) Urban area growth.—The Sec-
8	retary may, by regulation only, consider an area
9	described in section $343(a)(13)(F)(i)(I)$ of such
10	Act to not be a rural area for purposes of this
11	section.
12	"(C) Exclusion of Certain Popu-
13	LATIONS.—The term does not include any pop-
14	ulation described in subparagraph (H) or (I) of
15	section 343(a)(13) of such Act (7 U.S.C.
16	1991(a)(13)).
17	"(c) Grants, Loans, and Loan Guarantees.—
18	"(1) IN GENERAL.—The Secretary shall make
19	grants, shall make loans, and shall guarantee loans
20	to eligible entities described in subsection (d) to pro-
21	vide funds for the construction, improvement, or ac-
22	quisition of facilities and equipment for the provision
23	of broadband service in rural areas that, at a min-
24	imum, delivers 100 Mbps (or such greater rate as
25	the Secretary may establish) symmetrical through-

1	put for each rural household in the proposed service
2	area.
3	"(2) Applications.—The Secretary shall es-
4	tablish an application process for grants under this
5	section that—
6	"(A) permits a single application for a
7	grant and a loan under title I, II, or this title
8	that is associated with the grant;
9	"(B) provides a single decision to award
10	such a grant and loan.
11	"(C) ensures timely consideration of appli-
12	cations by approving or denying applications
13	within 30 days after submission.
14	"(3) Priority.—
15	"(A) In General.—In making grants,
16	making loans, and guaranteeing loans under
17	paragraph (1), the Secretary shall—
18	"(i) give the highest priority to appli-
19	cations for projects to provide broadband
20	service to unserved rural communities that
21	do not have any residential broadband
22	service of at least—
23	"(I) a 25–Mbps downstream
24	transmission capacity; and

1	"(II) a 3–Mbps upstream trans-
2	mission capacity;
3	"(ii) give priority to applications for
4	projects to provide the maximum level of
5	broadband service to the greatest propor-
6	tion of rural households in the proposed
7	service area identified in the application;
8	"(iii) give priority to eligible entities
9	that have provided broadband service or
10	utility service in rural areas for at least 5
11	years in the State for which an award is
12	sought;
13	"(iv) provide equal consideration to all
14	eligible entities, based on organizational
15	form; and
16	"(v) with respect to 2 or more appli-
17	cations that are given the same priority
18	under clause (i), give priority to an appli-
19	cation that requests less grant funding
20	than loan funding.
21	"(B) Other.—After giving priority to the
22	applications described in clauses (i) through
23	(iii) of subparagraph (A), the Secretary shall
24	give priority to applications—

1	"(i) for projects to provide broadband
2	service to rural communities—
3	"(I) with a population of less
4	than 10,000 permanent residents;
5	"(II) that are experiencing out-
6	migration and have adopted a stra-
7	tegic community investment plan
8	under section 379H(d) of the
9	Consoldiated Farm and Rural Devel-
10	opment Act that includes consider-
11	ations for improving and expanding
12	broadband service;
13	"(III) with a high percentage of
14	low income families or persons (as de-
15	fined in section 501(b) of the Housing
16	Act of 1949 (42 U.S.C. 1471(b));
17	"(IV) that are isolated from
18	other significant population centers;
19	or
20	"(V) that provide rapid and ex-
21	panded deployment of fixed and mo-
22	bile broadband on cropland and
23	ranchland within a service territory
24	for use in various applications of pre-
25	cision agriculture; and

1	"(ii) that were developed with the par-
2	ticipation of, and will receive a substantial
3	portion of the funding for the project from,
4	2 or more stakeholders, including—
5	"(I) State, local, and tribal gov-
6	ernments;
7	"(II) nonprofit institutions; that
8	provide community development or as-
9	sistance services;
10	"(III) community anchor institu-
11	tions, such as—
12	"(aa) public libraries;
13	"(bb) elementary schools
14	and secondary schools (as defined
15	in section 8101 of the Elemen-
16	tary and Secondary Education
17	Act of 1965 (20 U.S.C. 7801));
18	"(cc) institutions of higher
19	education; and
20	"(dd) health care facilities;
21	"(IV) private entities; and
22	"(V) philanthropic organizations
23	"(4) Grant amounts.—
24	"(A) Maximum.—Except as provided in
25	subparagraph (B), the amount of any grant

1	made under this section shall not exceed 75
2	percent of the total project cost.
3	"(B) Secretarial authority to ad-
4	JUST.—
5	"(i) In General.—The Secretary
6	may make grants of 100 percent of the de-
7	velopment costs of the project for which
8	the grant is provided to an eligible entity
9	if the Secretary determines that the project
10	serves an area of rural households where
11	the population density is fewer than 7
12	households per square mile.
13	"(ii) Definition of Development
14	costs.—In this paragraph, the term 'de-
15	velopment costs' means costs of—
16	"(I) construction, including labor
17	and materials;
18	"(II) project applications; and
19	"(III) other development activi-
20	ties, as determined by the Secretary.
21	"(iii) Density determinations.—In
22	determining population density under this
23	section, the Secretary shall prescribe a cal-
24	culation method which—

1	"(I) utilizes publicly available
2	data; and
3	"(II) includes only those areas in
4	which the applicant is able to meet
5	the service requirements under this
6	section, as determined by the Sec-
7	retary.
8	"(5) Fees.—In the case of loan guarantees
9	issued or modified under this section, the Secretary
10	shall charge and collect from the lender fees in such
11	amounts as to reduce the costs of subsidies for guar-
12	anteed loans, except that the amount of the fees
13	shall be determined so as to not act as a bar to par-
14	ticipation in the programs and to not be inconsistent
15	with current practices in the marketplace.
16	"(d) Eligibility.—
17	"(1) Eligible entities.—
18	"(A) In general.—To be eligible to ob-
19	tain a grant, loan, or loan guarantee under this
20	section, an entity shall—
21	"(i) demonstrate the ability to furnish
22	or improve service in order to meet the
23	broadband buildout requirements estab-
24	lished under subsection (e)(3) in all or part
25	of an unserved rural area;

1	"(ii) submit to the Secretary an appli-
2	cation at such time, in such manner, and
3	containing such information as the Sec-
4	retary may require; and
5	"(iii) agree to complete buildout of
6	the broadband infrastructure described in
7	the application by not later than 5 years
8	after the initial date on which the applica-
9	tion is approved and the initial funds pur-
10	suant to that award are received by the ap-
11	plicant.
12	"(B) Limitation.—The Secretary may
13	not provide to an eligible entity that provides
14	telecommunications or broadband service to at
15	least 20 percent of the households in the United
16	States, funds under this section for a fiscal year
17	in excess of 15 percent of the funds made avail-
18	able under subsection (j) for the fiscal year.
19	"(2) Eligible projects.—
20	"(A) Grant.—To be eligible for a grant
21	under this section, a project shall—
22	"(i) be carried out in a proposed serv-
23	ice territory in which not less than 90 per-
24	cent of the households are unserved by ter-
25	restrial wireline or licensed wireless

1	broadband service speeds of a least 100
2	Mbps downstream transmission capacity
3	and 20 Mbps upstream transmission ca-
4	pacity, or such higher speed thresholds as
5	the Secretary may determine constitute an
6	unserved rural area pursuant to subsection
7	(e)(2); and
8	"(ii) not concurrently receive any
9	other broadband grant administered by the
10	Rural Utilities Service, the Department of
11	Treasury, the National Telecommuni-
12	cations and Information Administration, or
13	a State grant program.
14	"(B) Loan or loan guarantee.—A bor-
15	rower may use a loan or loan guarantee pro-
16	vided under this section to carry out a project
17	in a proposed service territory only if, as of the
18	date on which the application for the loan or
19	loan guarantee is submitted, not less than 50
20	percent of the locations in the proposed service
21	territory are unserved or have service levels
22	below the minimum acceptable level of fixed ter-
23	restrial broadband service, whether wireline or
24	licensed wireless, established under subsection
25	(e).

1	"(3) Equity and market survey require-
2	MENTS.—
3	"(A) IN GENERAL.—The Secretary may re-
4	quire an entity to provide matching funds under
5	this section in an amount not to exceed 10 per-
6	cent of the amount of the grant, loan, or loan
7	guarantee requested in the application of the
8	entity, unless the Secretary determines that a
9	higher percentage is required for financial feasi-
10	bility.
11	"(B) Market survey.—
12	"(i) In General.—The Secretary
13	may require an entity that proposes to
14	have a subscriber projection of more than
15	20 percent of the broadband service mar-
16	ket in a rural area to submit to the Sec-
17	retary a market survey.
18	"(ii) Less than 20 percent.—The
19	Secretary may not require an entity that
20	proposes to have a subscriber projection of
21	less than 20 percent of the broadband
22	service market in a rural area to submit a
23	market survey under clause (i).

1	"(iii) Information.—Information
2	submitted under this subparagraph shall
3	be—
4	"(I) certified by the affected
5	community, city, county, or designee;
6	or
7	"(II) demonstrated on—
8	"(aa) the broadband map of
9	the affected State if the map con-
10	tains address-level data; or
11	"(bb) the National
12	Broadband Map if address-level
13	data is unavailable.
14	"(4) STATE AND LOCAL GOVERNMENTS AND IN-
15	DIAN TRIBES.—Subject to paragraph (1), a State or
16	local government (including any agency, subdivision,
17	or instrumentality thereof (including consortia there-
18	of)) and an Indian tribe shall be eligible for assist-
19	ance under this section to provide broadband serv-
20	ices to a rural area.
21	"(5) TECHNICAL ASSISTANCE AND TRAINING.—
22	"(A) IN GENERAL.—The Secretary may
23	provide to any eligible entity described in para-
24	graph (1) of this subsection that is applying for
25	assistance under this section for a project de-

1	scribed in subsection $(c)(3)(A)(i)$ technical as-
2	sistance and training—
3	"(i) to prepare reports and surveys
4	necessary to request grants, loans, and
5	loan guarantees under this section for
6	broadband deployment;
7	"(ii) to improve management, includ-
8	ing financial management, relating to the
9	proposed broadband deployment;
10	"(iii) to prepare applications for
11	grants, loans, and loan guarantees under
12	this section; or
13	"(iv) to assist with other areas of
14	need identified by the Secretary.
15	"(B) Funding.—Not less than 3 percent
16	and not more than 5 percent of the amounts
17	appropriated to carry out this section for a fis-
18	cal year shall be used for technical assistance
19	and training under this paragraph.
20	"(e) Broadband Service.—
21	"(1) In general.—Subject to paragraph (2),
22	for purposes of this section, the minimum acceptable
23	level of broadband service for a rural area to be
24	deemed served for purposes of this section shall be

1	via terrestrial wireline or licensed wireless networks
2	with at least—
3	"(A) a 100–Mbps downstream trans-
4	mission capacity; and
5	"(B) a 20–Mbps upstream transmission
6	capacity.
7	"(2) Adjustments.—At least once every 2
8	years and more frequently as the Secretary deems
9	necessary and appropriate, the Secretary shall re-
10	view, and may adjust through notice published in
11	the Federal Register—
12	"(A) the minimum acceptable level of
13	broadband service established under paragraph
14	(1) for an area to be deemed unserved and thus
15	eligible for an award under this section; and
16	"(B) the broadband buildout requirements
17	under paragraph (3), to ensure that high qual-
18	ity, cost-effective broadband service is provided
19	to rural areas.
20	"(3) Broadband buildout requirements.—
21	"(A) IN GENERAL.—The term 'broadband
22	buildout requirement' means the level of
23	broadband service an applicant receiving assist-
24	ance under this section must agree, at the time
25	the application is finalized, to provide for the

1		duration of any project-related agreement be-
2		tween the applicant and the Secretary.
3		"(B) MINIMUM REQUIREMENT.—The
4		broadband buildout requirement shall, at a min-
5		imum, deliver 100 Mbps symmetrical through-
6		out for each rural household in the proposed
7		service area. The Secretary may increase this
8		minimum requirement for the performance
9		broadband service in considering new applica-
10		tions.
11		"(C) Substitute service standards
12		FOR UNIQUE SERVICE TERRITORIES.—If an ap-
13		plicant shows that it would be cost prohibitive
14		to meet the broadband buildout requirements
15		established under this paragraph for the en-
16		tirety of a proposed service territory due to the
17		unique characteristics of the proposed service
18		territory, the Secretary and the applicant may
19		agree to utilize substitute standards for any
20		unserved portion of the project that should con-
21		tinue to consider the best technology available
22		to meet the needs of the residents in the
23		unserved area.
24	"(f)	TECHNOLOGICAL NEUTRALITY.—For purposes
25	of determ	nining whether to provide assistance for a project

1	under this section, the Secretary shall use criteria that are
2	technologically neutral and criteria that ensures the tech-
3	nology can meet program broadband buildout require-
4	ments and the evolving needs of rural households and
5	businesses, including precision agriculture.
6	"(g) Terms and Conditions for Loans and Loan
7	GUARANTEES.—
8	"(1) In general.—Notwithstanding any other
9	provision of law, a loan or loan guarantee under this
10	section shall—
11	"(A) bear interest at an annual rate of, as
12	determined by the Secretary—
13	"(i) in the case of a direct loan, a rate
14	equivalent to—
15	"(I) the cost of borrowing to the
16	Department of the Treasury for obli-
17	gations of comparable maturity; or
18	"(II) 4 percent; and
19	"(ii) in the case of a guaranteed loan,
20	the current applicable market rate for a
21	loan of comparable maturity; and
22	"(B) have a term of such length, not ex-
23	ceeding 35 years, as the borrower may request,
24	if the Secretary determines that the loan is ade-
25	quately secured.

1	"(2) RECURRING REVENUE.—The Secretary
2	shall consider the recurring revenues of the entity at
3	the time of application in determining an adequate
4	level of credit support.
5	"(h) ADEQUACY OF SECURITY.—
6	"(1) In general.—The Secretary shall ensure
7	that the type and amount of, and method of security
8	used to secure, any loan or loan guarantee under
9	this section is commensurate to the risk involved
10	with the loan or loan guarantee, particularly in any
11	case in which the loan or loan guarantee is issued
12	to a financially strong and stable entity, as deter-
13	mined by the Secretary.
14	"(2) Determination of amount and meth-
15	OD OF SECURITY.—In determining the amount of,
16	and method of security used to secure, a loan or
17	loan guarantee under this section, the Secretary
18	shall consider reducing the security in a rural area
19	that does not have broadband service.
20	"(i) Payment Assistance for Certain Loan and
21	GRANT RECIPIENTS.—
22	"(1) USE OF GRANT FUNDS.—The Secretary
23	may use the funds appropriated for a grant under
24	this title for the cost (as defined by section 502 of

1	the Congressional Budget Act of 1974) of providing
2	assistance under paragraph (2) of this subsection.
3	"(2) PAYMENT ASSISTANCE.—When providing a
4	grant under this title, the Secretary, at the sole dis-
5	cretion of the Secretary, may make—
6	"(A) a subsidized loan, which shall bear a
7	reduced interest rate at such a rate as the Sec-
8	retary determines appropriate to meet the ob-
9	jectives of the program; or
10	"(B) a payment assistance loan, which
11	shall—
12	"(i) require no interest and principal
13	payments while the borrower is—
14	"(I) in material compliance with
15	the loan agreement; and
16	"(II) meeting the milestones and
17	objectives of the project agreed to
18	under paragraph (3); and
19	"(ii) require such nominal periodic
20	payments as the Secretary determines to
21	be appropriate.
22	"(3) Agreement on milestones and objec-
23	TIVES.—With respect to payment assistance pro-
24	vided under paragraph (2), before entering into the
25	agreement under which the payment assistance will

1	be provided, the applicant and the Secretary shall
2	agree to milestones and objectives of the project.
3	"(4) Amendment of milestones and objec-
4	TIVES.—The Secretary and the applicant may jointly
5	agree to amend the milestones and objectives agreed
6	to under paragraph (3).
7	"(5) Considerations.—In deciding to utilize
8	the payment assistance authority under paragraph
9	(2), the Secretary shall consider whether or not the
10	payment assistance will—
11	"(A) improve the compliance of the grant-
12	ee with any commitments made through the
13	grant agreement;
14	"(B) promote the completion of the
15	broadband project;
16	"(C) protect taxpayer resources; and
17	"(D) support the integrity of the
18	broadband programs administered by the Sec-
19	retary.
20	"(6) Limitations on payment assistance.—
21	The Secretary may not make a payment assistance
22	loan under paragraph (2)(B) to an entity receiving
23	a grant under this section that is a recipient of a
24	loan under title I or II that is associated with the
25	orant.

1	"(j) Funding.—
2	"(1) Limitations on authorization of ap-
3	PROPRIATIONS.—There is authorized to be appro-
4	priated to the Secretary to carry out this section not
5	more than \$500,000,000 for each of fiscal years
6	2024 through 2028, to remain available until ex-
7	pended.
8	"(2) Allocation of funds.—
9	"(A) In general.—From amounts made
10	available for each fiscal year under this sub-
11	section, the Secretary shall—
12	"(i) establish a national reserve for
13	loans and loan guarantees to eligible enti-
14	ties in States under this section; and
15	"(ii) allocate amounts in the reserve
16	to each State for each fiscal year for loans
17	and loan guarantees to eligible entities in
18	the State.
19	"(B) Amount.—The amount of an alloca-
20	tion made to a State for a fiscal year under
21	subparagraph (A) shall bear the same ratio to
22	the amount of allocations made for all States
23	for the fiscal year as—

1	"(i) the number of communities with
2	a population of 2,500 or fewer inhabitants
3	in the State; bears to
4	"(ii) the number of communities with
5	a population of 2,500 or fewer inhabitants
6	in all States.
7	"(C) Unobligated amounts.—Any
8	amounts in the reserve established for a State
9	for a fiscal year under subparagraph (B) that
10	are not obligated by April 1 of the fiscal year
11	shall be available to the Secretary to make
12	loans and loan guarantees under this section to
13	eligible entities in any State, as determined by
14	the Secretary.
15	"(k) Termination of Authority.—No grant, or
16	loan, or loan guarantee may be made under this section
17	after September 30, 2028.".
18	(b) Effective Date.—The amendment made by
19	subsection (a) shall take effect on October 1, 2023.